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STATEMENT BY SENATOR STROM THURMOND RECORDED FOR SOUTH CAROLINA  
RADIO STATIONS, MARCH 6, 1958.

MY FRIENDS AND FELLOW CITIZENS:

There is more involved in maintaining the strength of local self-government/ than merely asserting and reasserting the Constitutional rights of the States.

It is very important, of course, that we continue to point out that the Tenth Amendment, and other safeguards of local self-government, are still valid. But, as a practical matter, it is equally important that we go beyond the statement of Constitutional principles/ and seek ways to make State governments stronger and more effective.

The practical side of the problem usually involves money. One reason the Federal government has moved into fields that should properly be under State control/ is that the Federal government has been able to finance new projects, while the States have been unwilling or unable to spend the money necessary to provide all of the services the public wants. As a practical matter, it is very difficult to strengthen local government/ while the sources of revenue on which local governments depend are being dried up.

I want to talk with you today about an example/ of how the Federal government's activities/ can deprive the States of needed tax money, and how this undesirable situation can be improved.

Under a long established doctrine of constitutional law, no State or local taxing authority may levy a tax on the Federal government/ without the express consent of Congress. When the



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Federal government acquires a piece of property, that property comes off the local tax rolls. To give you an idea of how serious this can be to local government, let me point out that the Federal government owns more than 409 million acres of land, or 21.5 per cent of the total land area of the United States. The total cost of land and improvements owned by the United States within its continental limits/amounts to more than 36 billion dollars, and the great bulk of it is not subject to taxation.

In recent years, various private contractors performing work for the Federal government have contended that they are acting as purchasing agents for the Federal government/and, therefore, should not be taxed on property purchased by them for government use. In these border-line cases, the Supreme Court has endeavored to lay down rules for determining whether a private contractor/is an agent of the government or not, as far as his local tax immunity is concerned.

In the most recent of these cases, decided only last Monday, the Court declared that Congress should take the responsibility of setting policy. This same week, the Senate passed a bill which I had introduced last year, designed to make it clear/that private contractors acting as purchasing agents for the Federal government/are not exempt from State and local taxes on their business activities.

In this case, the amount of money involved is small, in relation to the total Federal income. From the standpoint of the States, however, the sums to be derived from taxing these government contractors are quite substantial. *In S.C. it is estimated the additional revenue to our State would be ~~be~~ nearly 3 million \$.*



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The effect of the bill, therefore, is to strengthen the taxing power of the States/and give them the opportunity to better perform the services their citizens require.

Those of us who believe in the principle of local self-government/must exert every effort/to keep State and local governments strong. When local government is weak, or impoverished, the door is left open for the Federal government to move in/to fill the vacuum. The best defense against Federal aid projects -- which mean, in the long run, Federal control -- is to build State and local governments/that are strong enough to handle their own affairs.

I wish to thank this station for permitting me this time each week, and I thank you for listening.

This is Strom Thurmond in Washington.

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